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Wednesday, 22 February 2006, 10 a.m.

New York

President:	Mr. Bolton	(United States of America)
Members:	Argentina	Mr. Mayoral
	China	Mr. Wang Guangya
	Congo	Mr. Ikouebe
	Denmark	Ms. Løj
	France	Mr. De La Sablière
	Ghana	Nana Effah-Apenteng
	Greece	Mrs. Papadopoulou
	Japan	Mr. Oshima
	Peru	Mr. De Rivero
	Qatar	Mr. Al-Nasser
	Russian Federation	Mr. Denisov
	Slovakia	Mr. Burian
	United Kingdom of Great Britain and Northern Ireland	Mr. Thomson
	United Republic of Tanzania	Mr. Mahiga

Agenda

United Nations peacekeeping operations

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06-24870 (E)

The meeting was called to order at 10.05 a.m.

Adoption of the agenda

The agenda was adopted.

United Nations peacekeeping operations

The President: I should like to inform the Council that I have received letters from the representatives of Austria, Malaysia, Sierra Leone, Singapore and South Africa in which they request to be invited to participate in the consideration of the item on the Council's agenda. In conformity with the usual practice, I propose, with the consent of the Council, to invite those representatives to participate in the consideration without the right to vote, in accordance with the relevant provisions of the Charter and rule 37 of the Council's provisional rules of procedure.

There being no objection, it is so decided.

At the invitation of the President, the representatives of the aforementioned countries took the seats reserved for them at the side of the Council Chamber.

The President: In accordance with the understanding reached in the Council's prior consultations, I shall take it that the Security Council agrees to extend an invitation under rule 39 of its provisional rules of procedure to Mr. Mark Malloch Brown, Under-Secretary-General and Chef de Cabinet of the Executive Office of the Secretary-General.

It is so decided.

I invite Mr. Malloch Brown to take a seat at the Council table.

The Security Council will now begin its consideration of the item on its agenda. The Security Council is meeting in accordance with the understanding reached in its prior consultations.

I should like to draw the attention of the members of the Council to the following documents: S/2006/85 and S/2006/111, which contain letters dated 3 and 15 February 2006, respectively, from the representative of Malaysia addressed to the President of the Security Council; S/2006/113, which contains a letter dated 17 February 2006 from the representative of South Africa addressed to the President of the Security Council; and photocopies of a letter dated 20 February 2006 from the representative of Sierra Leone addressed to the President of the Security Council, which will be issued as a document of the Security Council under the symbol S/2006/117.

At this meeting, the Security Council will hear a briefing by Mr. Mark Malloch Brown, Under-Secretary-General and Chef de Cabinet of the Executive Office of the Secretary-General.

I now give the floor to Mr. Malloch Brown.

Mr. Malloch Brown: I am very pleased to be able to join the Council today, on behalf of the Secretary-General, to brief members on the steps which the Secretariat is taking on the recent audit of the Office of Internal Oversight Services (OIOS) on peacekeeping procurement and the actions we are taking to improve our procurement systems and to crack down on waste, fraud and other potential abuse.

This is obviously an unusual meeting, both in the subject and for myself as briefer, but as you, Sir, had requested the views of three different parts of the United Nations — the Office of Internal Oversight Services, the Department of Management and the Department of Peacekeeping Operations (DPKO) — the Secretary-General felt, given my role in working closely on his behalf with all three departments, that I would be the most appropriate senior official to be able to update you and your colleagues on those important issues, which are very much, we recognize, of interest to you. However, I might add that I have also been asked to brief the Fifth Committee later this week, which I will be very pleased to do, given the General Assembly's lead role in those matters.

As this body is well aware, along with the growth of peacekeeping itself, peacekeeping-related procurement has been the single fastest growing segment of Secretariat operations. Indeed, during the Secretary-General's nine years in office, the value of United Nations global procurement — 85 per cent of which represents peacekeeping — has grown from around $400 million to over $1.6 billion last year and an expected $2 billion-plus this year. In the past four years alone, the Security Council has mandated the establishment of six new peacekeeping missions, including complex integrated missions in Liberia, Côte d'Ivoire, Burundi, Haiti and the Sudan, as well as authorizing significant changes and growth in five missions' mandates and creating eight new special political missions.

That surge in activity has produced a 70 per cent increase in the number of military personnel deployed in peacekeeping missions, the vast majority of which rely on the United Nations for nearly all logistical support. Civilian staff has grown by 30 per cent over the same period and now comprises more than twice as many people as in the Secretariat in New York. Deploying, feeding and supporting that number of people requires literally thousands of contracts every year. Last year alone, for example, the United Nations rotated 150,000 troops; provided fuel, rations and movement for a field force of over 65,000; chartered hundreds of flights and dozens of sea lifts; moved hundreds of thousands of tons of cargo; and operated thousands of vehicles in the field.

In that context, we very much welcomed the General Assembly's request to the Office of Internal Oversight Services to conduct an independent review of peacekeeping procurement as one part of the overall management audit of the Department of Peacekeeping Operations. As indicated in General Assembly resolution 59/296, the main objectives of the audit, conducted between July to December 2005, were to review DPKO practices and identify risks and exposures to duplication, fraud and abuse of authority.

The audit also assessed the overall economy and efficiency of the operational areas reviewed, in this case procurement. United Nations missions in the Sudan and the Democratic Republic of the Congo were used as case studies. The audit included follow-up of the implementation of previous recommendations of OIOS pertaining to procurement.

The auditors made numerous findings. OIOS has separately already made a presentation to interested Member States. I will therefore not go over the findings in detail, which are available to Member States in the published audit report. However, the bottom line of the report was three-fold. First, the Organization is exposed to serious risk of financial loss because internal controls are inadequate, managerial supervision and strategic guidance have at times been lacking, and management has not done enough to exercise due diligence and establish high levels of ethical behaviour and accountability, despite numerous irregularities reported in previous audits.

Secondly, OIOS believes there is evidence of financial loss having occurred through over-budgeting or inflation of requirements, while controls to ensure that the Organization received value for money in its procurement activities — including document submission and performance guarantees — were lacking.

Thirdly, there are some indications of serious potential irregularities, including collusion or conflict of interest with vendors — as evidenced by inappropriate communications between United Nations officials, national Governments and vendor representatives — bid cancellations and resubmissions without proper justification, and alteration of bid prices by procurement officers. That is very alarming and merits urgent investigation.

A majority of the 32 OIOS audit recommendations to address those findings have been accepted by the Departments of Management and Peacekeeping Operations. The remaining recommendations are the subject of ongoing discussion between OIOS and management. There is strong disagreement between OIOS and DPKO about the methodology and quality of some parts of the report, which we need to resolve.

Let me add a reservation of my own, as someone who worked in the field for the United Nations at an earlier stage in my career. I am concerned that some of the findings contain judgements of the operations using criteria relating to a procurement system and to procedures that are out of step with field realities and themselves need reform.

In response to the findings and as a precautionary measure to protect the Organization, I, at the request of the Departments of Management and Peacekeeping Operations, placed eight staff members on special leave with full pay while the issues raised by the audit are looked into more fully. That special leave is, I stress, an administrative and not a disciplinary measure, and does not presume any wrongdoing by the staff affected. We are looking carefully into the situation of each of those eight staff members. For some, the investigatory arm of OIOS is undertaking an accelerated review within a broader investigation of other allegations of possible procurement-related wrongdoing by staff. OIOS has formed a 16-person special task force to handle those cases as quickly as possible. Several of the staff members on leave are not, however, the subject of any current investigation. In their cases, we have a management review under way to determine whether there were lapses or errors of management that we need to address before they can

go back to work. But let me add that, once that is resolved, we will happily welcome them back to the Organization, as we are concerned to see them be able to resume their careers without any inappropriate sanction.

In addition to the OIOS investigations, a more comprehensive, multi-year forensic audit by external experts, commissioned by the Department of Management and the Department of Peacekeeping Operations, is now being undertaken. At the Secretary-General's instruction, the United Nations is also fully cooperating with concerned national law-enforcement bodies in their investigations. Our hope is that those investigations will be quickly concluded. I can assure the Council that swift action will be taken against any United Nations staff members found to have acted inappropriately, including, if necessary, the waiving of immunities by the Secretary-General. One company has also been suspended from the United Nations list of approved vendors at this time.

I know there is concern, which I share, that those eight colleagues have been damaged by what happened, particularly through the disgraceful leaking of the draft audit report. But I would ask the Council to contemplate the alternative, namely, having left them where they were as though the audit and its findings had not happened. The Volcker Panel on the oil-for-food programme made it clear that a complacent, business-as-usual approach in the face of critical audit findings was a major breakdown of management that must be corrected. If wrongdoing is found, staff members under our procedures will be charged and then given full rights of due process within the United Nations justice system.

Let me turn to the specific implications of all this for peacekeeping procurement. Allow me start my puncturing the myth that has already started to take hold, namely, that the OIOS audit uncovered evidence of nearly $300 million in fraud. Actually, what the audit documents revealed is the likelihood of fraud in some specific instances — which is now being investigated — and significant potential waste, based in part on extrapolation from findings in the two missions investigated across all peacekeeping operations, in other words, not those just investigated.

Specifically, OIOS concluded, first, that justification in support of $110 million worth of expenditures was insufficient or lacking, which is very different from saying that those were necessarily inappropriate expenditures; secondly, that the procurement of contracts totalling about $61 million bypassed financial regulations and rules and established procurement procedures; thirdly, that, as result of mismanagement of the inventory of vehicle spare parts, the Organization lost $46 million; fourthly, that financial exposure as a result of inadequate management of performance bonds could be as high as $36 million; and, fifthly, that unclear payment terms in a contract resulted in an estimated over-expenditure of $7 million.

Clearly all of that is of great concern, even if it is a failure of budgeting and control processes rather than a loss of resources. We take the findings very seriously. I do, however, need to repeat the caveat that we, based on DPKO's reservations, do not accept all of the above as representing losses to the Organization. We will be making the response of DPKO to those points available to Member States.

Take one of the most glaring findings of the audit, namely, that in two missions the fuel contract fell short of the contract ceilings that had been set by a total of $65 million — the so-called under-budgeting problem. One of those missions was the United Nations Mission in the Sudan (UNMIS), where considerably less fuel needed to be consumed than had been planned for, simply because many of the troops had not arrived in theatre on their original planned schedule. Council members are well aware that delays in troop deployments, whether to the Sudan or elsewhere, are not always foreseeable and are not under the Secretariat's control. Second thoughts by troop contributors, a deterioration of security conditions, a rainy season and many other acts of man and nature can disrupt deployment. We therefore need to be clear on our terms. Funds reported as not spent on fuel that has been over-budgeted remain in the bank; they are not missing or lost.

Nevertheless, it is clear to management that the audit report requires a very serious response. We urgently need to take corrective action and put in place a reform strategy that addresses three distinct sources of risk.

First, significant risk arises from reliance on a regulatory framework ill-suited to the exigencies of the field. For example, the otherwise sensible requirement that bids must be found from multiple vendors can prove a real obstacle to the effective and timely

delivery of critical services in remote locations. Moreover — particularly in the early stages of mission start-up, where it is vital politically to hit the ground running — uncertainties routinely present themselves regarding the free movement of goods, customs clearances, taxation, the provision of rent-free property, visa problems for contractors and staff, et cetera. In short, peace operations are not environments well suited to our current complex and cumbersome procedures.

Secondly, we face additional risk from the demanding, unpredictable and sometimes dangerous operating environment typical of the field. We expect our managers to make judgements and to act in the best interests of the Organization. But we must be careful how we second-guess them from our armchairs in New York, and not put staff in the position of having to choose between doing their job and breaking the rules.

Thirdly, we face risk in the human resources dimension. We do have a cadre of seasoned, hard-working managers and procurement officers in our missions, but not enough of them. Indeed, 50 per cent — half — of peacekeeping procurement field positions are currently unfilled, largely because potential employees with suitable skill profiles are not willing to serve in the demanding environment of the field under current conditions of service. We fall short on adequate training, including ethics training, as well as on implementing routine safeguards and best practices, such as regular rotation.

In short, while we have undertaken significant peacekeeping-related reforms in recent years — most notably as a result of the implementation of many of the Brahimi Panel recommendations — we are still not there and need to do more. Council members will see in our proposals on management reform next week some expansive proposals for improving the conditions of field service to address those issues.

Resulting innovations that we have introduced already, such as strategic deployment stocks and pre-mandate commitment authority, have made it possible to a large degree to meet rapid deployment timelines hitherto thought impossible. But I acknowledge that whatever progress we have made in some areas on the human resource side, we will have real gaps, despite our very committed staff.

In order to address the broader underlying weaknesses that have been identified in procurement, the Department of Management is currently undertaking a comprehensive review of procurement rules, regulations and policies focused on updating procurement procedures, including the need for greater transparency and accountability, implementing an internal control framework, which includes a risk-management framework to provide a comprehensive prevention and diagnostic controls environment, and, as I have said, more systematic rotation of staff serving in procurement, as well as training and ethics.

Early elements of that strategy are already being implemented — we have said that. And as I have already indicated, we will come back to the Council next week with much more radical proposals to address the human resource weaknesses exposed here. On the procurement issues per se, in terms of that improved control environment, we will come back with more details in June.

Last but not least, the whole process sharply underlines the need for a stronger Office of Internal Oversight Services (OIOS), both in terms of audit and investigation. In carrying out this audit, we have seen the very real capacity constraints the OIOS faces, not least in performing appropriate follow-up and related investigations, given the scale, scope and complexity of today's United Nations operations. This, too, is currently the subject of a review commissioned by the General Assembly. As the Secretary-General recommended last year, we hope that review will recommend — and Member States endorse — substantial strengthening of OIOS.

But at the end of the day, this is not simply a question about better rules or stronger systems. It is about the men and women that the Security Council sends into active war zones to do what no one else would or could do. As with our approach to dealing with sexual exploitation and abuse, we have adopted a policy of zero tolerance for fraudulent behaviour or gross negligence. That means zero complacency when serious allegations of impropriety arise, and zero impunity for those found guilty of misdeeds.

Despite the challenges I have outlined today, United Nations peace operations are an indispensable, proven tool in promoting peace and stability. The vast majority of our people are honest, hardworking and committed to implementing the Council's mandates faithfully, often at a cost of great personal sacrifice and risk to life, and certainly at a cost to their family life.

Our challenge now is to work together to build a system that lets them do their job effectively, while management and Member States have the information, tools and resources to ensure proper accountability and oversight.

The President: I thank Mr. Malloch Brown for his briefing.

I invite those Council members who wish to take the floor to indicate to the Secretariat.

Mr. De La Sablière (France) (*spoke in French*): I would like to thank Mark Malloch Brown for his briefing.

The meeting that you have convened today, Mr. President, is clearly an important one. It gives us an opportunity to have a useful — indeed, a necessary — discussion about the actual conditions under which peacekeeping operations, for which the Council has responsibility, unfold.

At the outset, I would like to reiterate what Mark Malloch Brown said earlier in recalling that the maintenance of international peace and security is, now more than ever, at the very heart of the mission of the United Nations. It is an activity that has evolved considerably over the past few years. I believe that we are all familiar with the figures; they have just been repeated. The United Nations now has 18 peacekeeping missions, involving 85,000 people. That has meant an explosive increase in procurement. As we heard earlier, and as Louise Fréchette too has reminded us, procurement costs have risen from $400 million to $2 billion in just a few years, and the Secretariat simply does not have the capacity to deal with such a dramatic increase.

Let us not lose sight of the crucial fact that our Organization should be proud of what it is doing in that area. United Nations peacekeeping efforts are easy to denigrate, but in fact they are effective and efficient. It is important to remember the level of commitment of the people on the ground. I would like, on behalf of my Government and on my own behalf, to pay tribute to the people on the ground for the work that they are doing and to the activities of the United Nations in general in the area of peacekeeping.

The material conditions surrounding peacekeeping operations must be monitored very rigorously on an ongoing basis. In my view, the General Assembly clearly has an important part to play in this respect. My delegation counts on the Assembly to complete and follow up on reports that it has itself requested. However, the Security Council, too, was set up to examine such questions. It has the responsibility for international peace and security and cannot remain aloof from the material conditions surrounding that mission.

Our objective in the Assembly and in the Council must be the same: to ensure that peacekeeping operations have the resources they need and that the way in which such resources are used is above reproach. In that respect, some information has been given us that might prompt us further to increase our vigilance.

One of the reports that the General Assembly requested of the Office of Internal Oversight Services relating to the peacekeeping business is a legitimate cause for concern. Some alarming figures are cited — sometimes hastily. Indeed, sometimes the losses reflected in the report are aggregated with potential losses — losses that could occur if procedures are not strictly complied with or adapted.

However, it is true that light must be shed on any misappropriation of funds, which must be followed up on, including at the judicial level, and all necessary remedies must be employed. I personally was reassured by Mr. Mark Malloch Brown's indications of the resolve of the Secretary-General in that respect.

However, we would have liked this report to be clearer and more readable, because it does not provide all the answers we would like in respect of some fundamental issues.

We have taken note of the clarifications presented by Mr. Mark Malloch Brown. Our concern is to be able better to understand the situation. We have several basic questions to which we would like answers, so that, as I said earlier, we can better understand the problem.

First, how much of the problem is caused by planning and programming difficulties, for example in deciding the rate of deployment for an operation such as the United Nations Mission in the Sudan (UNMIS)? How much is caused by mismanagement or to the misuse of certain procedures, for example with respect to guarantees requested of certain subcontractors? And how much is caused by embezzlement, which means that funds are misappropriated to the detriment of the Organization?

We would like to know the relative importance of those three different problems and to be made aware of responsibilities in that respect.

While those three categories require close vigilance and, of course, a response, we must be careful not to lump them together.

Secondly, while procurement regulations are, of course, very strictly applied at Headquarters, can they be applied equally strictly at the local level in various places, where conditions are not the same and where competitive bidding is difficult? What would be some possible alternatives?

I have a third question, which Mark Malloch Brown has answered to some extent. How can we help the Secretariat remedy these aberrations? We have noted the clarifications and the corrections Mark Malloch Brown has given us, and we await the report to which he has referred. We believe that monitoring must be more effective. However, can new rules and regulations — even if necessary — be put into place without also ensuring that the human and financial resources are available to the Secretariat to enable it to operate under more strict conditions? I believe that this must be done. There is a need for greater monitoring, and the required resources must be provided.

I believe that we all realize that this issue is a very important and sensitive one and that there is much at stake. Accordingly, my delegation will seek to ensure that this issue is dealt with within the United Nations with the required thoroughness and seriousness, in conditions of transparency. In that respect, it would be useful for us to have responses from the procurement department and from the Department of Peacekeeping Operations to the earlier OIOS report.

We believe that the ongoing audits and the specific investigations under way are not yet completed and that they must be carried out properly and with diligence. The appropriate conclusions must be drawn when the time comes. We believe also that the process must continue, and that all competent bodies must discharge their mandates with respect to these cross-cutting issues, which relate to peacekeeping and to respect for the financial and budgetary rules of the Organization.

In our own countries, we all are aware of the problems that can crop up when we try to improve our management systems and make our policies more effective. The United Nations must undergo the same process, but it should not be treated more harshly. As we prepare to launch a large-scale operation, in Darfur, we must help the Secretariat. We must ensure that it is not destabilized. We must be aware of the fact that political impatience, although often justifiable, does not always go very well with good management. There is an old French saying to the effect that one must not confuse speed with haste or precipitous action.

In conclusion, while thanking you once again, Mr. President, for having convened this open and inclusive debate, let me state that I believe that this question must be dealt with in a level-headed manner, because otherwise we will not attain our common goal: to help the United Nations become more effective and work better for peace. My delegation will do its utmost to be helpful in that respect.

Mr. Wang Guangya (China) (*spoke in Chinese*): Let me at the outset thank the Secretariat for its briefing.

The Chinese delegation would like to make three preliminary comments.

First, peacekeeping operations are one of the most effective measures used by the United Nations to maintain peace and achieving collective security. In recent years, due to the ever-increasing new mandates, requirements for peacekeeping funds have been on the rise. Peacekeeping assessments have exceeded the regular budget of the United Nations. Therefore, greater attention is naturally being paid by all sides to the use and management of peacekeeping funds.

With regard to the problems related to peacekeeping procurement that have come to light, China hopes that the Secretariat will carefully look into cases that involve violations of rules and regulations and take stern disciplinary action. At the same time, lessons should be learned so as to effectively improve the management system, intensify oversight, and forestall any recurrences of such cases.

Secondly, China has noted that the Office of Internal Oversight Services (OIOS) has completed its consolidated evaluation report, but that relevant investigations are still going on. We hope that, upon completion of the investigations, the Secretariat will submit a timely report on the findings and the handling of the cases.

Thirdly, regarding the deployment, extension and conclusion of peacekeeping operations and the defining of their mandates and scale, the Security Council is in duty bound to assume primary responsibility in that regard. However, issues involving the use of peacekeeping funds in procurement management should preferably be referred to the General Assembly and its subsidiary organs, in keeping with the principle of division of labour among United Nations bodies. That would help all entities to play their proper roles, prevent duplication and facilitate mutual oversight.

Mr. Denisov (Russian Federation) (*spoke in Russian*): Mr. President, may I first of all extend my thanks to the Secretariat for the report that has been introduced to us by Mr. Mark Malloch Brown.

The Russian Federation attaches great importance to reform of the procurement system in the United Nations, fully in accordance with the resolutions adopted by the General Assembly on enhancing the effectiveness and transparency of procurement, ensuring equal access to the United Nations market for all suppliers in good standing from all United Nations Member States and removing any possibility of duplication of function, fraud or abusive authority. In our view, matters relating to improving the planning of peacekeeping operations and the managing and equipping of such operations should be the focus of attention here in the Security Council. We must also seek to ensure that solutions to such problems are fully in accordance with the more complicated nature and scale of peacekeeping operations.

As for procurement activities, they must be transparent, swift and flexible, as regards both the operational level and long-term planning. There must also not be any superfluous expenditure. This is something that must be monitored by the States Members of the United Nations.

The Russian delegation notes the appearance of the report of the Office of Internal Oversight Services on procurement for United Nations peacekeeping operations. There is a broad collection of recommendations in this report that relate to key issues on procurement in the United Nations, including those on how to improve the quality of planning procurement for peacekeeping operations, on ensuring clear interaction between the Department of Peacekeeping Operations and the procurement services, on improving monitoring of the costs of contracts, on registration and decision-making on the awarding of contracts to suppliers, on avoiding conflicts of interest in procurement, and so forth.

In principle, the recommendations in the report are in line with improving United Nations procurement activities to the maximum possible. However, they do need thorough and careful analysis. We believe the Secretary-General will soon be submitting a comprehensive report to the General Assembly on this matter, as provided for in resolution 59/296 on the administrative and budgetary aspects of the financing of the United Nations peacekeeping operations. It is our hope that this report will also include specific proposals on further improving procurement activities in the United Nations.

The Russian delegation believes it is important that today's Security Council meeting should provide further impetus for the future work in the Organization on improving the effectiveness of procurement and the adoption of effective measures to prevent and eliminate any financial violations in planning and equipping peacekeeping missions.

Mr. Oshima (Japan): First of all, I would like to thank Mr. Mark Malloch Brown for his briefing. I also thank you, Mr. President, for convening this public meeting this morning on an issue of great concern, not only to members of the Council but also to the entire membership of the Organization. The nature of the problem is such that it is important to ensure in our discussion a maximum of transparency and inclusiveness, and a public meeting allows for that.

We are very disturbed at the report of the non-insignificant incidence of fraud and mismanagement with regard to procurement in our Organization, especially in relation to peacekeeping operations. The Office of Internal Oversight Services (OIOS) report indicates that, for the period 2000-2004, the aggregated procurement value for peacekeeping operations is estimated at $3.7 billion, no small amount. We are struck by the references to a grievous lack of internal controls and non-adherence to the existing controls. We are also alarmed by the reported lack of enforcement of accountability by management in handling the large amount of resources that has been provided to the Organization by Member States.

Peacekeeping operations is a flagship operation of the United Nations in the area of peace and security, for which tens of thousands of personnel, including

civilian, military and police, are working hard, day and night, in difficult circumstances. It is truly regrettable that the good image of the blue helmets, who are engaged around the globe, should be tarnished by these unfortunate allegations.

It goes without saying that, in our countries, good governance must ensure that taxpayers' money is spent not only wisely but also accountably, adhering to rules and regulations. The same should hold true for intergovernmental bodies, including the United Nations. Member States, whatever the size of their contributions to the Organization's budget, are obliged to ask the Secretary-General and his staff, particularly those with management responsibility, to ensure that the resources entrusted to the United Nations are spent accountably. Any failings or shortcomings in this respect should be immediately and energetically addressed and remedied.

We, therefore, ask that the Secretary-General continue the thorough and rigorous investigation into the alleged wrongdoing and abuse in the procurement office in the Department of Peacekeeping Operations (DPKO), as well as in other procurement-related offices, in order to arrive as soon as possible at a full accounting of the facts, including the identification of all those who should be held accountable, as well as remedial measures to prevent the recurrence of such fraud and mismanagement in future.

In this connection, we recall that the Secretary-General referred to a zero-tolerance policy in the context of sexual exploitation and abuse by United Nations peacekeepers, as Mr. Malloch Brown again reminded us in his briefing. We agree that the same spirit and rigour should also apply to the financial management of the Organization, including, in particular, procurement.

I feel compelled to say that, unless immediate and convincing measures are taken to redress this problem, my Government, which currently contributes 20 per cent of the peacekeeping operations budget, will find it very difficult to maintain domestic support for underwriting peacekeeping operations, both ongoing operations and new ones, including a possible operation in Darfur.

The issue before us falls clearly under the purview of the Security Council, as the organ responsible for the creation of the mandates of United Nations peacekeeping operations and for their overall oversight. In the light of this responsibility, it is quite appropriate that the Security Council should take up this issue and that Council members express their views.

At the same time, the issues of management, budget and procurement have generally been the prerogative of the General Assembly, as the chief deliberative and representative organ of the United Nations. This applies to peacekeeping operations as well. On the basis of a thorough investigation, Member States will in due course conduct a review of the current procurement system in the General Assembly, which has the responsibility of overseeing the administrative and financial aspects of peacekeeping operations, including a comprehensive review of the relevant policies, practices, rules and regulations.

There is thus, in our view, complementarity between the General Assembly and the Security Council in the handling of the issue before us. In the light of the seriousness of the alleged wrongdoing, both the Security Council and the General Assembly need to work with a sense of urgency, by complementing each other and ensuring coherence in our overall approach to the matter. To do that, we expect that as an example of good top-level management within the Organization, the Presidents of the Council and the Assembly will consult closely with each other and with the Secretary-General to ensure coherence of policy and approach.

Mr. President, we appreciate the fact that you conferred with the President of the General Assembly about the discussion of this issue. We support and encourage such consultations. After all, we have a common goal: an efficient, effective and accountable Secretariat that will discharge the tasks entrusted to it by us, the Member States.

Mr. Mayoral (Argentina) (*spoke in Spanish*): I wish to thank and congratulate you, Mr. President, for convening this meeting to publicly discuss the purchasing and procurement system in United Nations peacekeeping operations. As we know, this is a very important issue that not only has economic repercussions, but also affects the prestige of the work of the Organization and its ultimate goal: achieving peace.

In the particular case of peacekeeping operations and the procurement system, it is important to recall that procurement should be the very means for attaining the Organization's ultimate objective:

international peace and security. So it is regrettable that a system designed to serve such a commendable goal should sometimes be converted into a tool for personal gain, relegating the main objective to a secondary level and changing it in the interests of an individual or group. That is why, with a view to the future, my delegation believes that the United Nations must do everything possible to have an efficient system that permits no failures or errors that would lead to the diversion or improper use of resources. The budget for United Nations peacekeeping operations cannot bear greater expenditures than those that are strictly necessary.

We believe that the General Assembly, for its part, has the primary and essential role in monitoring and accountability in this area. In fact, we believe it is significant that the most recent report of the Office of Internal Oversight Services (OIOS) on the procurement system for peacekeeping operations was initiated by a request of the General Assembly. Through its resolution 59/296, as a result of the Fifth Committee's recommendation, the Assembly suggested that area of investigation and authorized OIOS to proceed with its work.

Transparency and accountability are principles that must guide the activities of all United Nations staff, particularly those responsible for purchasing. We recall that the four elements regulating that system are, according to the United Nations financial regulations, the best value or best price; an integral, fair and transparent process; effective competition among bidders; and the interests of the United Nations itself. Those principles, in addition to obtaining the best possible quality, must be systematically followed in every procurement process.

In that context, we were very concerned to learn from the OIOS report — requested, as I said, by the General Assembly — that the planned controls have proved to be inadequate, that a lack of attention has been detected in officers with high responsibilities and that prices paid turned out to be neither competitive nor economically sound.

Our country attaches special importance to carrying out the OIOS recommendations in order to avoid any future repetition of situations that are unclear or have exaggerated or inflated budgets. We recall that, late last year, the General Assembly created an ethics office, in accordance with the decision by our countries at the September 2005 world summit. We hope that the office will quickly become operational and that it will be able to produce the results expected by the international community: it will consist of a professional body of highly capable international officers who have high ethical standards and act efficiently, not only to detect irregularities, but in particular to prevent them.

We have always pointed out that one of the best ways to ensure transparency and the best prices in the United Nations procurement system is through competition and, in particular, diversification of the areas of origin of the products purchased. In that connection, I take this opportunity to express our concern at seeing that Latin America has not traditionally been an important United Nations supplier. We therefore urge the Secretariat to address that inequity and to promote equal participation by all regions and the diversification of its procurement so that the economies of all Members of the Organization can benefit equitably from it.

Finally, I wish to say that this important public discussion should continue in the General Assembly, because that is the body where all States can express their opinion. We believe that not only should transparency be maintained in the peacekeeping operations procurement system, but transparency should also be an objective, a standard, that all Member States must meet.

We hope that the Organization will attain its objectives, one of which is to inform our peoples of what we are doing.

Mr. De Rivero (Peru) (*spoke in Spanish*): Permit me at the outset to congratulate you, Mr. President, on bringing this matter to a public meeting of the Security Council. I also thank Mr. Mark Malloch Brown for his frank and critical briefing on the current situation. We are pleased that the Council is discussing the issue of procurement administration in peacekeeping operations, which is one of the most important aspects in the effectiveness and legitimacy of the United Nations.

Since the Security Council established the first peacekeeping operation — the United Nations Truce Supervision Organization — in Palestine in 1948, the Council has authorized the deployment of 60 peacekeeping operations, which currently involve 107 countries and some 84,000 persons who work in 18 missions on five continents.

Thus, for more than 50 years the Security Council has been using peacekeeping operations as its main tool for discharging its primary function under the San Francisco Charter. It is elementary logic that, by the principle of subsidiarity, it clearly falls within the competence of the Council to continuously monitor the quality of those operations. To ensure that that tool — peacekeeping operations — is to be effective, the Security Council is duty-bound to review its management and any abuses, irregularities or corruption that might possibly have occurred.

Security Council consideration of the management of peacekeeping operations is already a practice of this organ. Indeed, two meetings on the subject took place, one in 2004, under the presidency of Pakistan (see S/PV.4970), and one in 2005, under the presidency of Denmark (see S/PV.5191). Many Member States made statements at those meetings; following the discussions, presidential statements (S/PRST/2004/16 and S/PRST/2005/21) were issued as a continuation of the Council's consideration of the matter. But this is not in any way to overlook the fact that the General Assembly is a principal organ that should also consider this issue.

While recognizing the exponential increase in the number of peacekeeping operations, my delegation shares the frustration and concern that has been voiced here regarding conclusions set out in the recent report of the Office of Internal Oversight Services (OIOS). The report states that there were serious irregularities in certain offices, which failed to meet the high management standards expected of those working in the United Nations. We fear that failure to take action in the face of repeated irregularities could give rise to a culture of impunity. Some of the irregularities mismanagement are so serious that they can only be described as fraud, which means that we are dealing with corruption. Urgent measures must be taken to investigate and punish these instances, and to ensure that there is no recurrence of the situation.

The Office of Internal Oversight Services report states that the military component has in certain cases unintentionally hampered support for humanitarian organizations and confidence-building among local populations. That must come to an end. Effective coordination is therefore needed among all the actors involved in peacekeeping. It is important for the Department of Peacekeeping Operations to design a consistent coordination strategy for military participation in civilian assistance activities.

Nothing calls for Descartes's "methodical doubt" more than peacekeeping operations in the face of the present-day proliferation of crimes against humanity. Are we meeting the responsibility to protect populations in a context of the proliferation of crimes against humanity and mismanagement? That is an important question in a world where, as I have said, civil conflicts are proliferating — genuine infernos of massive violations of human rights, ethnic cleansing and genocide. For the United Nations to act quickly to prevent such vast human suffering and to protect people against such crimes against humanity, we need peacekeeping operations that are not weakened or delegitimized by irregularities or even corruption. As has been said, we need to put in place a zero-tolerance system of monitoring and punishment.

Mr. Ikouebe (Congo) (*spoke in French*): I too welcome the convening of this debate in a format open to non-members of the Security Council, enabling them to express their views on the management of peacekeeping operations, a matter that is of the greatest concern.

I entirely understand the Council's legitimate concern that it be regularly informed about the functioning of operations that the Council itself has established. But above all, I understand the concern of the General Assembly that it review the outcome of work that it requested. I believe that the Council's inclusion of members of the General Assembly in today's debate is an indication of the transparency of our work.

I thank Mr. Malloch Brown for his excellent briefing. Indeed, it is because of his presentation that I must set aside the statement I had planned to make this morning. Mr. Malloch Brown has dissipated my concerns, but I should like to express the frustration of a Member State that learned from the media the content of a report that we received only a few days ago. I know that neither Mr. Malloch Brown nor his superior is responsible for that situation, but I believe that the Secretariat has a responsibility to bear in this matter. I hope that there will be improvement in this area.

Turning to the briefing, I congratulate Mr. Malloch Brown. As I said, it has largely dissipated misgivings and misunderstandings. It has changed what I believed only a few days ago. He has said that investigations are under way, some of them concluded and others ongoing. I take it that this is an interim

report, not a final one, so it would be premature for me to offer any evaluation today. I take particular note of the willingness of the Secretariat to take action where management rules have been broken in cases of fraud or embezzlement. I am certain that Mr. Malloch Brown is not prepared to permit such embezzlement to continue; I welcome such action and I welcome his commitment. But above all I take note of the willingness of the Secretariat to carry out improvements on the basis of the recommendations. That is a true part of the transparency and visibility of the reform process, which are among the goals we are striving for. It is important above all to ensure that such action is an element of management reform, and I welcome the approach that Mr. Malloch Brown described, which will, above all, result in improved methodology.

At the appropriate time, when all the investigations and audits have been completed, I believe that it would be legitimate for the Fifth Committee of the General Assembly to consider their outcome, to enable us to gain a real understanding of what remains to be done. That would be the best procedure to follow.

Let me conclude on the same point as Mr. Malloch Brown, relating to the role of peacekeeping operations.

I come from Africa, where most such operations are deployed. Our interest in the activities of the international community is therefore obvious. In many countries engaged in armed conflict, the men and women of the international community are the symbols of its solidarity. I myself have never visited the field; Mr. Malloch Brown has and we can benefit from his experience. Those people deserve some consideration. It would be unfair and unproductive on our part to represent them as criminals, rapists or agents of corruption, either confirmed or alleged. I do not believe that that is what participants at this meeting wish to do.

This debate can shed light on the situation. Such human endeavours have their limits. Mr. Malloch Brown is quite right to give careful consideration to the ways in which those operations are functioning, to note dysfunctions and to assure us that he will take action wherever necessary. Above all, safeguards should be put in place to avert breakdowns. That is the most important thing of all, but in order to ensure it we must keep cool heads. This debate should help us to do so.

Mr. Burian (Slovakia): At the outset, I should like to stress that Slovakia fully aligns itself with the statement to be made by the Permanent Representative of Austria on behalf of the European Union. That is why I will limit my statement to just a few remarks.

First of all, I would like to join my colleagues in thanking Mr. Mark Malloch Brown for his comprehensive briefing, as well as to express my delegation's appreciation to the Office of Internal Oversight Services (OIOS) for its important work. On the basis of what we heard today in the briefing, we are even more convinced that the issue of the efficient management of peacekeeping operations requires the urgent attention of all relevant bodies within the United Nations system.

In that context, we welcome the decision of the Fifth Committee to hold a meeting on that subject this week. In the same context, we also thank the United States presidency of the Security Council for holding this public meeting and debate, open to all Members for an interactive exchange of views on that important matter.

Slovakia remains a dedicated supporter of United Nations peacekeeping, which constitutes a core function of the Organization. It is precisely because of that commitment that we cannot turn a blind eye to any flaws in peacekeeping management, be they intentional or accidental. Therefore, we note with discomfort that, along with the surge in peacekeeping, we are increasingly being presented with allegations of serious managerial flaws and wrongdoing. As Mr. Malloch Brown mentioned, the OIOS audit of procurement has revealed evidence of waste leading to financial losses that we cannot afford to ignore or take lightly. With the costs of peacekeeping operations and special political missions currently exceeding $5 billion annually, we need to ensure that each and every dollar is spent effectively, efficiently and exclusively for the purposes mandated by this body.

We understand that there are many new challenges stemming from the increase in peacekeeping requirements, but that is why we expect management to be strong, competent and accountable. It is always very unfortunate when allegations of managerial inadequacies and incompetence overshadow the majority of dedicated United Nations staff members who work with the utmost professionalism and unwavering commitment to make United Nations peacekeeping a success.

The findings of OIOS are symptomatic of a larger problem and yet further proof of the urgent need to proceed even more vigorously with the complex reform process. My delegation considers it crucial that all allegations be properly investigated and that the recommendations of OIOS be followed and strictly implemented without delay. In that regard, we welcome the establishment of the OIOS Procurement Fraud Task Force to conduct the investigations. Furthermore, it is imperative to enhance internal control mechanisms and update existing financial rules and regulations and procurement procedures.

We trust that the Secretary-General will take all necessary measures expeditiously to clarify all the alleged wrongdoings and hold those responsible fully accountable. We support the steps already taken by the Department of Peacekeeping Operations and the Department of Management, and we are eagerly awaiting the results of the investigations, as well as the update on the implementation of the OIOS recommendations.

Every effort must be made to re-establish the credibility of and general trust in the United Nations system.

Ms. Løj (Denmark): At the outset, I would like to thank the Chef de Cabinet for his comprehensive briefing. I would also like to state that Denmark fully supports the statement to be delivered shortly by the Permanent Representative of Austria on behalf of the European Union.

Denmark attaches great importance to strengthening the United Nations administration, where accountability and transparency are and should be cornerstones and demonstrated by employees with high ethical standards. That is essential to a well-functioning Organization.

In that context, it is with concern that we have read the report from the Office of Internal Oversight Services (OIOS) regarding procurement in the Department of Peacekeeping Operations (DPKO). It is important that the staff act under the highest standards of efficiency, competence and integrity. At the same time, we as Member States must ensure sufficient staff capacity within the United Nations to deal with the full range of procurement contracts in all their aspects in order not to jeopardize the efficiency of the peacekeeping operations.

Senior management must pay attention to areas of high risk and vulnerability in procurement and place special emphasis on those areas. Accountability is essential in that regard. Also, they must ensure that the ethical guidelines for procurement staff are made well known in the Organization.

We recognize the progress made in the harmonization and streamlining of procurement practices in DPKO and encourage further efforts in that regard. We note that the volume of procurement has increased significantly in recent years, and therefore it is even more important now to ensure high standards in procurement.

While noting the management problems identified by OIOS, we also understand from a statement made by the Chef de Cabinet that there is strong disagreement between OIOS and DPKO on the methodology of the report. We welcome the fact that Member States will be informed about the nature of that disagreement.

Denmark also welcomes the assurances that the Secretary-General will deal with the issue promptly and that further investigations have been undertaken. We also hope and trust that the Fifth Committee will address the issue specifically and in the broader context. Judging by the statement by the Chef de Cabinet, that should also include consideration of proposals for changes in the financial rules and regulations for procurement in order to ensure that the regulatory framework can also be implemented on the ground.

In short, the findings of the OIOS necessitate, on the one hand, as stated by the Chef de Cabinet, swift action and serious response, and on the other hand, that the Secretariat, in cooperation with Member States, take the necessary action to prevent the occurrence of fraud and mismanagement. Those efforts should lead to enhanced efficiency in administrative processes, modern management practices and the consolidation of delivery of services to avoid duplication and waste of resources.

Mrs. Papadopoulou (Greece): I would like to start by thanking Mr. Malloch Brown for his briefing today on the report of the Office of Internal Oversight Services (OIOS) under consideration here.

Greece associates itself with the statement to be delivered shortly by the representative of Austria in

that country's capacity as the holder of the presidency of the European Union. I shall therefore make only a few short remarks.

Mismanagement, fraudulent activities or related weaknesses, in any system, call for prompt and decisive action. We all agree that the United Nations is no exception. The findings of the review, as presented today and as included in the report of the OIOS, are indeed worrying, and we cannot but express our deep concern. It is evident that procurement rules — and, even more so, procurement practices — should be reviewed. Furthermore, all allegations of fraud and mismanagement should be thoroughly investigated, and those found guilty must be held accountable.

Nevertheless, we are all well aware that this investigation is still ongoing. In that respect, we would like to emphasize the paramount importance of fully observing due-process principles. We believe that this issue, which is currently also under discussion in various competent bodies of the United Nations, is being handled with the seriousness and the thoroughness it deserves and through the proper United Nations channels. In view of today's consideration of the matter by the Security Council, Greece believes that action by all appropriate United Nations bodies involved in peacekeeping operations will contribute in a positive and effective way to the proper implementation of the principles and priorities of the United Nations as a whole. In that regard, we consider it valuable and useful that the Security Council be informed of the answers provided by the Secretariat to the OIOS report.

The need for reform has long been recognized as a priority for the Organization. As such, it was the main focus of our leaders' outcome document (General Assembly resolution 60/1). In recent months, all of us have been deeply engaged in that effort so that the United Nations can evolve into a dynamic and highly competent body ready to face the challenges of today's world.

Some good steps have already been taken in that direction, such as those adopted with regard to procurement during the fifty-ninth session of the General Assembly — concerning, for example, the issues of accountability and best-value-for-money practices. Those efforts and the gradual progress they bring about should be encouraged, along with vigilant oversight for possible wrongdoing.

In the light of the aforementioned, it is very important that we be careful here today to strike the right balance in our discussion. We should not lose sight of the significance of the role of, and the overall service provided by, United Nations peacekeeping operations in the cause of international peace and security. Those operations are staffed with competent and dedicated people who, most of the time, work under difficult circumstances and in extremely volatile environments. They do excellent work. For that they deserve our respect. It is our task to support and encourage them to continue to carry out the duties we entrust to them with the same professionalism and outstanding results.

Nana Effah-Apenteng (Ghana): First, I wish to join other delegations in thanking Mr. Malloch Brown, Chef de Cabinet of the Secretary-General, for his remarks and his briefing.

Ghana considers the issue of procurement reform in the United Nations to be of cardinal importance, as transparency and accountability are critical to the integrity of the Organization as a whole. For the record, and in order that there be no doubt, I wish to state categorically that Ghana does not condone, or belong to any group or association of States that condones, fraud, waste or abuse of authority in the United Nations system.

The General Assembly deserves to be commended for initiating, at the urging of the Group of 77 and China, of which my country is proud to be a member, the management audit that led to the disclosure of very disturbing incidents of fraud, abuse of authority and highly unethical conduct involving staff of the Department of Peacekeeping Operations (DPKO). We associate ourselves with the statement to be made later by the representative of South Africa on behalf of the Group of 77 and China.

We welcome the interim audit report and expect the General Assembly to vigorously follow up with the required measures to ensure that the various loopholes are closed immediately. In that connection, my delegation regrets the speed with which what is only an interim report has found its way to the media, even before its having been considered by the Assembly, which commissioned it on its own initiative in the first place. Some Member States, including mine, were naturally dismayed to read the details of the report, which had been embargoed to the media, as far back as

23 January 2006, when Member States had not yet seen, or been provided with copies of, the report. Obviously, such deliberate leaks are aimed at misleading the public and bringing the United Nations into disrepute. While we endorse the need for a whistleblower policy to enhance transparency and accountability in our Organization, in this case the leakage of the interim audit report to the press was hasty and unwarranted, and also unethical on the part of those who were responsible.

On the substance of the interim report, the need for efficient and effective use of the resources of the United Nations, especially those earmarked for critical peacekeeping operations, cannot be overstated. Such operations are invariably costly, and it is in the interest of all to ensure that waste through fraud and embezzlement is avoided.

As the body that authorizes such critical peacekeeping operations, the Security Council must be especially concerned to ensure that funds are always available for that purpose. Therefore, today's public meeting affords the Council the opportunity to raise its concerns before the public, including the General Assembly, which exercises management oversight over the Secretariat, so that together we can find a way forward.

While recognizing the right of the Security Council to consider some aspects of peacekeeping operations by virtue of the fact that it is the organ entrusted under the Charter with the primary responsibility for the maintenance of international peace and security — and therefore authorizes peacekeeping missions — we also believe that procurement is essentially a management issue that falls within the remit of the Fifth Committee of the General Assembly and, by extrapolation, is under the oversight responsibility of the General Assembly. Therefore, at the appropriate time and in the proper forum, we will articulate our views in extenso on some of the issues and recommendations contained in the audit report. In the meantime, we wish to make a few remarks and observations on what is, after all, an interim report.

Procurement has been one of the major areas of focus in the reform of the United Nations over the past 10 years. In that regard, we wish to acknowledge that efforts have been made, and are still under way, in the Secretariat, peacekeeping missions and offices away from Headquarters to improve excellence and accountability in the provision of services. Those efforts include initiatives such as the development of the United Nations Global Marketplace, the establishment of lead-agency procurement and direct agreements with manufacturers and a harmonized system-wide training and certification programme. We also cannot fail to take into account the programme of reforms introduced by the Secretary-General in 2005, which included five main categories: ensuring ethical conduct, strengthening oversight and accountability, updating the Organization, improving senior management performance and increasing transparency.

Despite those laudable efforts, much remains to be done. The interim audit report reveals several shortcomings in the procurement of items for United Nations peacekeeping operations, as well as a lack of proper care and attention by officials responsible for designing and implementing internal controls. The interim audit also documented substantial evidence of abuse in the area of procurement for peacekeeping operations, leading to financial losses and inaccuracies in planning assumptions. Also of concern is the fact that the United Nations management has not enforced accountability for non-adherence to internal control procedures, financial rules and procedures and procurement procedures.

It is imperative that immediate steps be taken to rectify those anomalies. We hope that, when the time comes for us to consider the review of the financial rules and regulations in the wider context of management reform, we will bear in mind that, in some cases, the fault lies not with the rules and regulations but with those entrusted with the responsibility to implement them.

Despite the fact that the document under consideration is preliminary, we note with much concern that a perennial problem found in United Nations procurement activities is yet to be adequately addressed. This relates to the increases in procurement from developing countries, which are still largely limited to host countries of United Nations peacekeeping operations and their neighbours. My delegation recognizes the important contribution of that activity to the development of the economies of host and neighbouring countries that are greatly burdened by prevailing conflict situations. However, it is our candid view that greater diversity in that area is needed.

We would also appreciate information on whether procurement officers are ensuring equitable geographical representation among vendors, and on the extent to which the United Nations has taken steps to ensure procurement from vendors from developing countries and countries in transition.

We have learned from elsewhere that some officials have been put on leave. We welcome measures aimed at dealing with officials found to be guilty of fraud, waste or abuse of authority, but we should also bear in mind that it is public knowledge that the United Nations has of late been vocal on the need for democracy in all Member States. Democracy is based on the rule of law. The United Nations should therefore be seen to be practising what it preaches. There should be due process of law and, by extension, the right of accused persons to be heard. Viewed from this perspective, even though the audit report is still in draft form, staff members under investigation are entitled to due process of law and should be deemed innocent until proven guilty.

Finally, let me emphasize th ' scandal, abuse, fraud and mismanagement eat away at confidence in the United Nations. The United Nations is unreformable only if we Member States choose not to reform it. If we make reform, especially management reform, a collective undertaking and not a matter of interest to only a few countries, we are bound to succeed. We sink or swim together. Let us therefore, in tranquility and with unity of purpose, seek to reform this institution, which is indispensable. Our success will redound to the benefit of all Member States, big and small, weak and powerful.

Mr. Al-Nasser (Qatar) (*spoke in Arabic*): I wish at the outset to thank Mr. Mark Malloch Brown for his briefing.

Undoubtedly, the continued increase in the size and complexity of peacekeeping operations leads to an increase in their costs. That requires effective, transparent and practical controls. Specific mandates and proper planning are needed for peacekeeping operations, to prepare for rapid deployment and to ensure the accountability of all those who should bear responsibility, particularly in the area of procurement.

The State of Qatar is deeply concerned with the allegations of mismanagement and fraud in the Secretariat. It believes that the practices of the Department of Peacekeeping Operations should be reviewed in order to determine whether there have been cases of fraud or mismanagement in peacekeeping operations, particularly in procurement. In spite of our rejection of these dishonourable acts of impropriety, we believe that those who will be held accountable will receive due process. We look forward to the report to be submitted to the General Assembly on this issue, which we hope will include comprehensive proposals to improve work in the field and to achieve greater transparency. As for sexual exploitation, we fully agree with Mr. Malloch Brown that there should be absolutely no acceptance of such behaviour.

Mr. Mahiga (United Republic of Tanzania): We, too, thank the Secretary-General's Chef de Cabinet, Mr. Malloch Brown, for his very insightful report to the Council.

The United Republic of Tanzania associates itself with the statements to be made by the Permanent Representative of South Africa on behalf of the Group 77 and China, and by the Permanent Representative of Malaysia on behalf of the Non-Aligned Movement.

The Security Council's interest in the procurement practices of the Department of Peacekeeping Operations (DPKO), triggered by the report of the Office of Internal Oversight Services (OIOS), has created some disquiet among the wider membership of the United Nations, regarding both substance and the manner in which the issue should be handled. The premature leakage of the report to the press was unhelpful and misleading. All of the relevant organs should have a shared interest and concerns about the integrity and credibility of the procurement practices of peacekeeping operations. We believe, therefore, that there is room for balance and latitude for cooperation between and among all the principal organs of our Organization, which can work to promote their respective mandates and objectives in pursuit of our common goals.

We share the belief in the importance of having each organ concentrate on the scope of its mandate in its day-to-day activities. We also recognize the importance of establishing close collaboration, cooperation and complementarity among the various organs as a way of strengthening the Organization. It is in our mutual interest to avert misunderstanding, mistrust and a sense of rivalry. That approach should underlie the reform process to bring about system-wide coherence and rationalization.

Much of the work of the United Nations system does not appear in the headline news; we rarely see any mention of the numerous day-to-day examples of fruitful and constructive activities under the auspices of the United Nations. There is, however, extensive coverage when we fail or are perceived as having failed. It is in this context that the report of the Office of Internal Oversight Services must be seen.

Indeed, the OIOS report on the management review of DPKO procurement reveals gross mismanagement and fraud. Preventing procurement fraud is good governance. It is in the interests of the Organization and of the entire membership.

It is, however, noteworthy that the OIOS report that triggered the current round of concerns was initiated by the General Assembly. The report itself makes that clear. It is the General Assembly that requested the OIOS to conduct a management audit of the Department of Peacekeeping Operations and its procurement practices. It is only fair that the organ that mandated the report should experience a sense of dispossession when it is not the first in line to examine and pronounce itself on the report. The initiatives of the Security Council and the General Assembly on this issue should be complementary in addressing the problems raised by the OIOS report.

The OIOS report and the briefing that we have heard today raise disturbing issues. They are, nonetheless, issues that we must face and overcome. Regrettably, the Organization is too often maligned for being overly unresponsive to reform and insensitive to waste, inefficiency and abuse.

Nothing could be further from the truth. The report of the Office of International Oversight Services reveals an Organization grappling with overcoming challenges that face every organization, every Government and every country, everywhere.

At this critical time when the resources available to the Organization are so crucial to the accomplishment of missions and objectives, individuals who cheat must be identified, stopped and punished. It is imperative that action be taken to prevent, deter and prosecute unscrupulous employees, as well as their collaborators, whose actions rob all of us of the resources needed to fulfil the various mandates we set for the Organization and for ourselves.

The OIOS report calls for urgent action in a number of specific areas, namely, increased education of procurement staff on issues relating to conflict of interest and procurement fraud and enhanced efforts to detect ethics violations and conflict of interest by current and former personnel.

We appreciate the issuance of the report at a time when major reforms are being undertaken within the Organization. We especially appreciate the fact that the General Assembly has already started to adopt measures in response to some of the queries raised in the report, such as efforts to detect ethics violations and conflicts of interest on the part of United Nations personnel.

We believe that in the report on management reforms to be issued at the end of this month, the Secretary-General will propose to the General Assembly further measures for improving the existing system of procurement in the United Nations. It is in this regard that the United Republic of Tanzania, in collaboration with other members of the Group of 77 and China and other Members, will pursue management reform issues in the United Nations in order to realize our collective objective to enhance the effectiveness, efficiency and credibility of the Organization.

Mr. Thomson (United Kingdom): My delegation, too, aligns itself with the statement to be made by the Ambassador of Austria on behalf of the European Union.

Like others, I want to begin by thanking Mark Malloch Brown for his briefing. I think that this has helped the debate here in the United Nations come back to ground. It has reminded us of the actual findings of the Office of Internal Oversight Services (OIOS) report and the actual problems it has identified. The briefing this morning has, I believe, also helped us also focus on solutions.

I welcome, too, the fact that the views of the Department of Peacekeeping Operations (DPKO) on the OIOS report will be available to Member States so that we can have the fullest possible picture.

I wanted to begin where Mark Malloch Brown ended. The Security Council sends United Nations peacekeepers to do what others cannot or will not do. For the international community, this is an indispensable function that the United Nations

performs. We have been reminded again this morning of the rapid growth in United Nations peacekeeping in recent years, including in its procurement functions, and it is worth recalling the challenge of operating in places where no other military will go, not just because of the difficult environment but because the United Nations is by definition operating multi-nationally and without the benefit of formed, trained forces that have worked regularly together, and, similarly, trained civilian personnel who have worked together.

I therefore would like to pay tribute to the excellent work that United Nations peacekeepers do in their often difficult circumstances. Despite the problems that we are discussing today and, indeed, that we will be discussing tomorrow, I believe that the Security Council can and should have confidence in United Nations peacekeeping.

But we are, I think, fundamentally talking about an issue of confidence. The procurement concerns that we are looking at are a very serious matter. Like sexual exploitation and abuse by United Nations peacekeepers, procurement mismanagement or, worse still, fraud can erode confidence and therefore the effectiveness of United Nations peacekeeping.

The briefing we have heard this morning and the OIOS report suggest, among other things, lack of adequate internal controls, procedural failings and lax practices, lack of senior management oversight, control and accountability, questionable delegation of authority, lack of resources, an ill-suited regulatory framework for field operations, potential waste, abuse and even fraud.

My Government's policy towards United Nations procurement, which has been consistently articulated through the European Union in the General Assembly, has included enhanced transparency, accountability and ethical behaviour for staff, greater professionalism for procurement staff and more effective training for them and for their managers.

The fact that many of those elements are highlighted by recent reports — Deloitte as well as OIOS — as critical failings requiring urgent action is more than disappointing. For confidence in United Nations peacekeeping to remain as strong as it needs and deserves to be, the effectiveness and probity of United Nations peacekeeping procurement must now be vigorously addressed.

I therefore welcome the General Assembly action last year to put in motion the OIOS independent review, which has exposed these weaknesses and which has, among other things, led to this discussion this morning.

I welcome the planned briefing by Mark Malloch Brown to the Fifth Committee later this week in follow-up, since there can be no substitute for systematic consideration and action by the General Assembly, its Fifth Committee, the Advisory Committee on Administrative and Budgetary Questions and the Special Committee on Peacekeeping Operations, which deals with the management of, and resources for, United Nations peacekeeping.

I also welcome this open, inclusive exchange, because the Security Council is responsible for the mandates that send United Nations peacekeepers into harm's way, and the Council needs to understand the challenges and shortcomings of United Nations peacekeeping in the field and at Headquarters if it is responsibly and properly to do its job of delivering effective mandates.

I also want to welcome the Secretariat's commitment to zero tolerance, zero complacency and zero impunity for procurement mismanagement and fraud, as Mark Malloch Brown has promised us this morning. I welcome also the continuing vigorous investigations and the Secretariat's commitment to due process, and I hope and believe that there will be observance of the whistleblower protection policy which was promulgated just last December.

Finally, I welcome the Secretariat's commitment to reform of personnel and financial rules and regulations bearing on United Nations peacekeeping that may be suggested by the lessons learned from these investigations. I hope that some of them at least can be reflected in the recommendations that the Secretary-General will be bringing forward at the end of this month.

We expect those recommendations to build, where applicable, on the many reforms already effected in United Nations procurement practices and procedures in recent years. We need to recognize that there has been reform, even if it has been insufficient.

I am reassured by the Secretariat's statement this morning of the action it is taking in response to our procurement concerns, but, as the Ambassador of

Ghana has just said, this is also a matter for all Member States. It is incumbent on all of us, through the General Assembly and its subsidiary bodies, to respond constructively to the recommendations arising from the lessons learned from these investigations.

The investigations are still ongoing, but, in my delegation's view, elements to consider include a better, more formalized working relationship between DPKO and the procurement division, which should include a clear delineation of responsibilities and accountability at all levels. We think that senior managers in both departments should ensure that practices conform with financial rules and regulations while ensuring that expedient procurement in the field can progress without undue delay. That, I think, argues — as Mark Malloch Brown has argued this morning — that we must once again look at the regulatory framework for procurement in the field.

In addition to financial disclosure, ethical guidelines need to be promulgated for United Nations staff involved in procurement activities. There needs to be enhanced, more targeted training for staff, both at Headquarters and in the field, and a single, viable information technology system capable of dealing with all United Nations procurement activities while at the same time itself providing more effective internal controls.

Lastly, it is incumbent not just on the General Assembly and its subsidiary bodies but also on the Security Council to follow this work, to consider any recommendations appropriate to it and to reflect lessons learned in designing its future mandates, so that we, too, in the Council contribute to the highest possible levels of confidence in United Nations peacekeeping.

The President: I shall now make a statement in my capacity as the representative of the United States.

I would like first to thank Mark Malloch Brown for the briefing he has just provided us on this critical matter. I note also the presence of one other Under-Secretary-General today, Under-Secretary-General Guéhenno, and we welcome him as well.

First and foremost, we must always keep in mind that issues of waste, fraud and abuse in peacekeeping procurement are not simply about dollar figures. Corruption and mismanagement can greatly hinder a mission's ability to effectively carry out its mandate. In short, the discussion we are having today is about saving lives, not only of the civilians we are trying to protect, but also of the personnel of the contributing nations participating in peacekeeping operations. Without accountable, cost-effective, efficient and transparent United Nations procurement practices, the United Nations will not have its essential goods and services, billions of dollars of contributions might be ill spent or not properly accounted for, and the effectiveness of United Nations peacekeeping operations would be jeopardized.

This is why it is critical that the Security Council convene today to discuss this matter in an open and transparent fashion. The legitimacy of these open briefings cannot be doubted, given the Security Council's clear responsibility under the Charter for creating, supervising and terminating peacekeeping operations. The participation by responsible Secretariat officials only underscores this point. The commitment of the United States to peacekeeping is firm and is evidenced by our support and advocacy in the Security Council for clear mandates for each mission. So too is the commitment of the Security Council. As a whole, the Security Council bears responsibility, along with the Secretariat, to ensure that United Nations peacekeeping operations are undertaken in the most efficient and transparent process possible.

Precisely because of this commitment, we also have the responsibility to look at the flaws in how peacekeeping is managed, so that we can work together to rectify these problems and to help build stronger, more effective operations.

The challenges are immense, and the problems are many, but we remain committed to working with the United Nations and Member States to achieve effective reform.

I would like to commend the Office of Internal Oversight Services (OIOS) for initiating the report entitled "Comprehensive Management Review of the Department of Peacekeeping Operations — Procurement". No doubt, it is always a difficult task to shine the light on one's own problems, but it is a critical first step. The OIOS report reflects what I believe is increasingly felt by many: that Member States must effect a fundamental shift in the operating culture of the United Nations.

Reading the OIOS report, it struck me how similar it was to that issued by Paul Volcker and his

panel on the oil-for-food scandal. When testifying before the United States Senate Foreign Relations Committee, Mr. Volcker was asked if he thought there was a culture of corruption at the United Nations. His response was that there was not so much a culture of corruption, but a culture of inaction. Sadly, the OIOS report on the Department of Peacekeeping Operations (DPKO) reinforces this view. Indeed, as the report itself notes,

> "it is OIOS's conclusion that there is substantial evidence of abuse in procurement for peacekeeping operations leading to financial losses and significant inaccuracies in planning assumptions".

In particular, OIOS cited the lack of internal controls, noting that

> "It is also of great concern that United Nations management has not enforced accountability for non-adherence to internal control procedures ... [and that] Important controls were lacking while existing ones were often bypassed".

We take note of DPKO's acknowledgement of these primary findings and conclusions by OIOS, but it would be remiss of us not to point out another finding in the OIOS report, which is the likelihood that problems will continue. Section 9 of the report identifies 10 different risk or control areas that OIOS studied, including staffing, vendor qualifications, disclosure of conflict of interest situations, and others. Of the 10 categories they studied, OIOS concluded that failure in any of these could have a "severe" impact on the Organization; but more troubling, in all 10 categories, the likelihood of recurrence "is almost certain under current conditions".

What is needed, then, as I noted earlier, is a shift in the DPKO operating culture. In some cases, OIOS properly identifies institutional flaws. In other cases, though, OIOS identifies problems related to personnel. We concur in full with OIOS when they stress the importance of Article 101, paragraph 3, of the United Nations Charter, which calls for securing the highest standards of efficiency, competence and integrity in the employment of staff. Sadly, as the report notes in overall assessment, "It is clear from the findings in this report that there have been serious lapses in adhering to these standards". This is particularly relevant in an era when DPKO is requesting funding for new positions to be filled and when it is unclear how these staffing patterns fit into overall objectives.

We have taken an important step here today, though, by bringing together many of the interested parties to discuss this important issue. We welcome the participation of the Secretary-General's representatives in these open briefings. Indeed, we take the Secretary-General's decision to cooperate with the Security Council as a signal to welcome new emphasis in peacekeeping on management and professionalism.

We believe it is important to bring together interested parties with important equities and work together cooperatively in a new manner. The reason to do so was made clear by OIOS itself, when it evaluated the past practice of business as usual. As the report states, "Despite numerous recommendations by OIOS in past audit reports, management has failed to establish accountability where irregularities occurred". As I stated earlier, this goes to the heart of the culture of inaction.

Indeed, it is in fact time for a wholesale change in the culture of the many agencies and entities within the United Nations system. Whether it is a culture of inaction or a culture of impunity, we must see changes. The problem of procurement fraud, waste and abuse is one that directly affects our tax dollars as the largest contributor to the United Nations system: 22 per cent in the regular budget, 27 per cent in the case of the peacekeeping budget. This means that the United States pays one fourth of the price in every case of waste, fraud and abuse.

This is unacceptable if we are to heed the charge given to us by our leaders, 150 of whom signed the outcome document (General Assembly resolution 60/1) last September. We take note that DPKO has commenced several initiatives to help counter the problems identified in the OIOS report. And we recognize that they face a daunting task. The surge in peacekeeping operations has strained the Organization, and we understand the challenges faced by those in the field. We will support them with what we believe is necessary to achieve their respective mandates. It is precisely because of these new and ongoing challenges that we expect stronger management, more efficient and effective implementation of mandates and greater accountability for action. But we also maintain that OIOS has the opportunity to evaluate such initiatives with the complete autonomy it has requested. Maintaining the credibility and independence of OIOS is critical if we are to successfully clean up our own house. We need to reinforce this view at the highest

levels and therefore ask, does the Secretary-General believe that OIOS should function independently in its analyses and its operations?

I would like again to thank all those who are participating in today's open briefing. With the proliferation of peacekeeping missions, and a new one set to begin in Darfur in the coming months, the relevance of this issue is undeniable. As uncomfortable as some of these discussions naturally are, the stakes are too high to sweep these problems under the rug. They have an impact not only on the integrity of the United Nations itself, but also on the lives of people participating in the operations and of those we are trying to assist. These are compelling reasons to take firm and decisive action. We should seize the opportunity provided by the OIOS to chart a new course and to help achieve what Secretary Rice has called a lasting revolution of reform here at the United Nations.

I now resume my functions as President of the Security Council.

The next speaker inscribed on my list is the representative of South Africa. I now give him the floor.

Mr. Kumalo (South Africa): Allow me to begin by congratulating you, Sir, on your assumption of the presidency of the Security Council for the month of February.

I have the honour to speak on behalf of the Group of 77 and China.

At the outset, I would like to point out that, for the Group of 77 and China, the Security Council is not the forum for discussing matters that fall within the purview of the General Assembly. The Charter of the United Nations clearly sets out the roles and responsibilities of the principal organs of the United Nations, as do the relevant resolutions of the General Assembly, which is the chief deliberative, policy-making and representative organ of the United Nations.

Like the Non-Aligned Movement, we wish to reiterate our concern over the encroachment by the Security Council on the functions and powers of the General Assembly and of the Economic and Social Council. We see the Security Council infringing on issues that traditionally fall outside of its competence and assuming for itself norm-setting powers that are solely within the purview of the General Assembly. Discussing matters such as procurement is contrary to Article 24 of the Charter, which clearly sets out the primary responsibility of the Council.

This meeting comes at a time when the rest of the membership of the United Nations is actively engaged in a process led by the Secretary-General and the President of the General Assembly to reform and strengthen the United Nations. The fundamental principle underpinning that collective effort is that the United Nations is an intergovernmental body in which the voice of each and every Member State must be heard and respected, irrespective of the contributions made to the budget of the Organization.

All Member States of the United Nations are required to contribute resources to the Organization on the basis of their capacity to pay. The fact that there may be a difference in the levels of monetary contribution to the Organization does not imply any difference in the decision-making role of Member States in the United Nations.

The Group of 77 and China has always supported the Secretary-General's efforts to reform the United Nations. We have always called for greater transparency and accountability within the Organization, as well as for more effective utilization of its resources.

Procurement policies and practices fall under the purview of the General Assembly and are discussed on a regular basis in that body. The Assembly has always considered reports of the oversight bodies on procurement and on the audited financial statements of peacekeeping operations. In fact, in the past few years, decisive action by the General Assembly has led to substantial reforms of the procurement system. The report of the Office of Internal Oversight Services (OIOS) that is being discussed here today was requested by members of the Group of 77 and China, and we still expect it to be formally introduced in and considered by the General Assembly.

Therefore, the insinuation that developing countries might somehow be tolerant of corruption, mismanagement and fraud is wrong. The Group of 77 and China always expects the Secretary-General to take immediate action in cases of corruption, fraud or any wrongdoing within the Organization. We believe that staff should be held accountable for any wrongdoing, irrespective of their nationality or seniority. We wish to ensure that any disciplinary action meets due process, in accordance with the basic

principles of justice and fairness, and that it is in line with the rules and regulations of the Organization. That is why we believe that today's debate undermines the General Assembly, particularly the oversight function that belongs to all Member States.

We are aware that, when the Security Council has assumed for itself the function of overseeing a programme — such as the oil-for-food programme, which was created, managed and overseen by the Council — the experience has not been satisfactory. It was the General Assembly that had to institute additional safeguards such as the newly created Ethics Office, the whistleblower programme and the strengthening of the OIOS following the erroneous perception of widespread corruption and mismanagement within the United Nations.

Throughout the process of United Nations reform, the Group of 77 and China, representing more than two thirds of the United Nations membership, has always been ready to engage in constructive dialogue with Member States from all regions of the world. For us, the United Nations matters. We represent developing countries that look to the United Nations to assist them in development and to help our people respond to the permanent threat of underdevelopment. We believe in the need for security. However, security without development will always be unattainable.

The President: The next speaker inscribed on my list is the representative of Singapore. I now give him the floor.

Mr. Menon (Singapore): Thank you, Mr. President, for giving me the floor. This is an important issue. All voices should be heard.

None of us at the General Assembly's fifty-ninth session could have imagined what was in store when we asked the Office of Internal Oversight Services (OIOS) to conduct a management audit of the Department of Peacekeeping Operations. All we wanted was to investigate allegations of fraud and mismanagement, so that we could address problems in the system.

More than a year later, the 45-page OIOS report has become a source of much inspiration. It has inspired the Secretariat to place eight of its staff on leave without charge. The draft was also leaked, inspiring journalists to write about the story and to print the names of those staff. A senior United Nations official was inspired to bypass the General Assembly, to call a press conference and to speak about corruption in the United Nations. Member States and one grouping of States were then inspired to question that official's motives and to ask about due process and equal treatment. Two members of the United States Congress were inspired to misinterpret the motives of that grouping. Now, we find that both the General Assembly and the Security Council are inspired to deal with the issue and to define the limits of their respective mandates.

I like to be positive. I am inspired to believe that, despite the tensions, this episode will have been a good one if it motivates us to look seriously at reform and the sanctity of the reform process. This is not about making particular countries happy; this is not about providing a platform for people to grandstand and show off. This is about making the United Nations work for its entire membership. A well-run, legitimate and credible United Nations assists in areas as diverse as development, humanitarian relief and conflict prevention. We should all be committed to making the United Nations work, because it is our servant and because our success or our failure will be collective.

In that spirit, let us look at the OIOS report. Its conclusions are dire. Apparently, according to the report, there is substantial evidence of abuse in procurement for peacekeeping operations, leading to financial losses and significant inaccuracies in planning assumptions. Numbers as high as $300 million overall have been cited by the OIOS. The scale of this, assuming it is true, demands a quick and thorough investigation. We need to get to the bottom of this. But at the same time, the investigations require probity and unquestioned fairness. To have legitimacy, they cannot be seen as a selective witch-hunt or as a means for personal profiling. Unfortunately, we have fallen short here.

I state outright that a Singapore national is among the eight staff members placed on administrative leave. That said, has due process been followed?

First, the staff members were placed on administrative leave in mid-January without being given copies of the draft report on which their leave was ostensibly based. How does one defend oneself without knowing the charges?

Secondly, the draft OIOS report was leaked, leading to the publication of the names of the staff

members. To make matters worse, a senior Secretariat official called a press conference thereafter and spoke of apparent fraud and corruption in the United Nations. This must, at the very least, prejudge the investigations. The curious decision to speak to the press also bypassed the very body, the General Assembly, which called for the report in the first place. Member States were only provided copies of the OIOS report at their request, more than a week later. This would be comical if it were not so tragic. It also spurred a broader debate on the relationship between the Secretariat and the General Assembly.

Thirdly, there are questions about equal treatment. The OIOS report dealt primarily with alleged wrongdoing in procurement activities in peacekeeping operations. I understand that those operations are under the management of the Department of Peacekeeping Operations (DPKO) and that authority had also been delegated to senior DPKO staff to conduct procurement activities in the field up to a predetermined level. Yet the highest ranking official placed on administrative leave is the Assistant Secretary-General for Management. It seems incongruous to us that his counterpart from DPKO, in whom delegated authority was vested, was not treated in the same way. Even a member of the OIOS team which drafted the report had recently said during a lunchtime briefing, "Any delegation of authority comes with accountability".

Perhaps it is our zeal to reform that has led us to forget the process on occasion. But we need to remember that the process is important if we want our actions to be legitimate and enduring. And while I certainly support scrutiny into the Department of Management and DPKO based on the OIOS report, this is not the only report in town. The Volcker Commission has also come up with a voluminous report on a larger topic. Perhaps some of our reform zeal should be apportioned to looking into how billions of dollars seem to have been mismanaged in the oil-for-food programme. This is an issue I believe the Security Council is aware of. As H.L. Mencken once said, "Injustice is relatively easy to bear; what stings is justice". Perhaps we need to apply the stings more evenly.

Moving back to the OIOS report, there comes a point where we have to cease crying over spilt milk. Some peculiar decisions have led to a fair amount of damage being done both to individuals and to the relationship between the Secretariat and Member States. To move forward, I can only ask that the investigations be carried out thoroughly and as quickly as possible. If the evidence points to charges, then make them, so that the staff members in question can defend themselves. If they are unable to do so, then find them guilty of wrongdoing and deal with them accordingly. Conversely, if they are exonerated, they should be reinstated and given a full apology.

This should be done before the current Secretary-General steps down. I say that because investigations in the United Nations have an odd habit of dragging on to become another person's problem. So let us approach the issue of reform and its various facets with even-handedness and equal fervour. As Martin Luther King, Jr., once wrote, "Injustice anywhere is a threat to justice everywhere".

The President: To speak briefly in my national capacity, Ambassador Menon referred to a press conference held by a senior Secretariat official, and I would just ask Mr. Mark Malloch Brown to indicate, when his time comes to respond, if he would not agree that he asked that senior United Nations official to hold that press conference.

I now resume my functions as President of the Security Council.

I give the floor to the representative of Austria.

Mr. Pfanzelter (Austria): I have the honour to speak on behalf of the European Union (EU) and the other countries aligning themselves with this statement.

The European Union strongly supports United Nations peacekeeping both in principle and in practice. Its support rests on principle because the United Nations brings with it unique legitimacy. This is combined with its impartiality and professionalism, and the United Nations is often the only hope for war-torn countries and their citizens to find their way on to the path of peace and stability. A recent comparative study by the RAND Corporation on nation-building efforts has shown the remarkable success rate of United Nations peacekeeping. The authors conclude that the United Nations provides the most suitable institutional framework for nation-building missions that require fewer than 20,000 men. They further conclude that the United Nations framework provides for a comparatively low cost structure, a comparatively high success rate and the greatest degree of international legitimacy. From our own experience, we share that assessment.

The practical support of the European Union for United Nations peacekeeping is demonstrated by sheer numbers. At present, the annual budget for peacekeeping operations amounts to over $5 billion. The European Union, collectively, is by far the largest financial contributor and provides roughly 38.5 per cent of the peacekeeping budget. EU member States together also provide about 4,100 troops in the field. Thus, it goes without saying that we too have a particular interest that resources are deployed in the most efficient and effective way. We are deeply concerned about the recent allegations of fraud and mismanagement in procurement for peacekeeping, and we support all efforts to investigate those allegations.

In that context, we would like to express our appreciation for the work of the Office of Internal Oversight Services (OIOS), which has itself brought to our attention these cases of possible fraud. Those found guilty must be held accountable, with respect for due process. We believe that stronger internal controls and improved oversight must be put in place and that the highest ethical standards must be applied to prevent such instances from recurring. All departments involved in the procurement process must ensure that senior managers within those departments are seized of the need to oversee the procurement process, ensure compliance with relevant rules and regulations and be accountable — and, of course, be seen to be accountable — for their actions.

At the same time, we must not forget that it is often under the most difficult circumstances and under enormous time pressure that the United Nations is called upon to set up peacekeeping operations. Without delay, troops have to be deployed, equipment has to be procured and the necessary infrastructure has to be put in place. That is an immense task and we would like to express our high appreciation for the outstanding achievements of the Organization in this regard.

Since 1948, 2,248 United Nations peacekeepers have lost their lives in the line of duty. Day after day, United Nations peacekeepers all over the world are providing essential services to Member States and their populations. It is our collective duty to ensure that sound management is practised at the United Nations, including in the field of peacekeeping. It is also our duty as responsible States Members of the United Nations to ensure that the overall picture of commitment, success and hard work on the part of United Nations peacekeepers — who are mandated their difficult tasks by the members of the Security Council — is made known to the world.

The President: I call on the representative of Sierra Leone.

Mr. Pemagbi (Sierra Leone): It is my honour and duty, on behalf of the African Group, to contribute to this debate on management of the United Nations peacekeeping operations.

The African Group associates itself with the statements of the Group of 77 and the Non-Aligned Movement.

Let me begin by joining those who have spoken before me in congratulating you, Sir, on your assumption of the responsibility of directing the work of the Security Council for the month of February.

I would also like to thank Mr. Mark Malloch Brown for his very helpful briefing this morning.

The United Nations is at the height of a process of historic reforms, and I assure all members of the Security Council that the African Group has been and will continue to be totally committed to pursuing the objectives of the reforms to their desired conclusions. In that regard, the Group appreciates any effort designed and appropriately channelled to make the Organization more efficient and capable of delivering its objectives. It is with that view that the African Group is resolved to support measures aimed at correcting weaknesses in the management of peacekeeping operations, particularly in procurement, that have absolutely no place in the United Nations. The African Group is aware that peacekeeping is so central to the work of the United Nations that any mismanagement of its process can damage the image of the Organization, and we cannot afford that.

The Group, however, holds the view that a debate on this subject matter falls within the domain of the responsibility of the General Assembly, which, according to the Charter, is the deliberative, policy-making and representative organ of the United Nations. In fact, the General Assembly is actively seized of this subject and is expecting reports on the matter from the Secretary-General. The African Group therefore views this debate as an encroachment on the authority of the General Assembly, particularly at a time when efforts are being made to strengthen and revitalize the Assembly.

We look forward to the Secretary-General's report, which I am sure will recommend strategies for tackling the problem of transparency and accountability in the procurement system of peacekeeping operations.

The President: I call on the representative of Malaysia.

Mr. Hamidon (Malaysia): I have the honour to speak on behalf of the Non-Aligned Movement (NAM).

At the outset, NAM congratulates you, Sir, on your assumption of the presidency of the Security Council for the month of February. My delegation expresses its appreciation to the Security Council for giving its consent to NAM to participate in this important meeting.

Like the Group of 77 and China, NAM insists that the Security Council is not the forum in which to discuss questions relating to peacekeeping operations procurement, which is a matter that falls within the functions and powers of the General Assembly.

The General Assembly is the chief oversight body of the United Nations. Oversight of procurement, including for peacekeeping operations, as with other aspects of management, is the prerogative of the Assembly. As we all have recognized, the audit in question is one that was mandated by the Assembly through its resolution 59/296. In point of fact, the proposal requesting the Secretary-General to conduct a comprehensive management audit of risk areas in the management of peacekeeping operations was introduced by the developing countries in order to identify possible instances of fraud and abuse of authority. The outcome of that audit, which is contained in the draft report of the Office of Internal Oversight Services, is yet to be introduced in the Assembly.

Not only is it inappropriate, therefore, for the Security Council to discuss issues of oversight and management, which are the functions of the General Assembly; it is even more inappropriate to have that discussion based on a report or the salient elements of a report that was mandated by the Assembly and which is to be placed before it by the Secretary-General in due course.

We are all, of course, well aware of the consequences of the Security Council's involving itself in the management of United Nations programmes. The Volcker Committee report and its searing criticism of the role played by the Security Council are all too fresh for all of us. We would have preferred that the Security Council draw its lessons from the consequences emanating from that report and desist from continuing its encroachment into areas that are beyond its mandate and competence.

While mindful of the multifaceted and multidisciplinary character of the mandates of peacekeeping operations sanctioned by the Security Council, and bearing in mind Article 24 of the Charter, the Non-Aligned Movement strongly affirms that Article 24 and the aforementioned character do not necessarily provide the Council with the competence to address issues which fall within the functions and powers of the General Assembly and the Economic and Social Council. In that regard, the Non-Aligned Movement cautions about the danger of encroachment by the Council on issues which clearly fall within the functions and powers of the Assembly and its subsidiary bodies.

While noting that peacekeeping operations procurement is being discussed by the Council, the Non-Aligned Movement recalls once again that the preparation and submission of the reports concerning those issues were in fact requested by the Assembly and that those issues are still under its active consideration. In addition, the Non-Aligned Movement stresses that the Charter provides the Assembly with the competence to consider issues relating to the financial and budgetary arrangements of peacekeeping operations. On the basis of those arguments, the Non-Aligned Movement cautions about the danger of the Council's subsequently adopting an outcome on those two issues that could prejudge or undermine the decision or recommendation that would be made by the Assembly in due course.

The Non-Aligned Movement underscores the need for full respect for the functions and powers of the principal organs, in particular the Assembly, and to maintain the balance among them within their respective functions and powers in accordance with the Charter, as well as the need for the States Members of the Organization, in respecting and upholding the Charter, to stop any attempt to shift issues on the agenda of the Assembly — and the Economic and Social Council, for that matter — to the Security Council. The Non-Aligned Movement stresses that the Council must fully observe all provisions of the Charter as well as all resolutions of the Assembly that clarify its relationship with the latter organ — the chief

deliberative, policy-making and representative organ of the United Nations — and other principal organs.

The Non-Aligned Movement remains particularly concerned over the exercise of norm-setting and establishing definitions by the Security Council in areas beyond its mandate and competence. The Non-Aligned Movement reiterates that, in accordance with paragraph 1 of Article 13 of the Charter, the General Assembly, which is the universal and representative forum comprising all States Members of the Organization, is primarily tasked with the progressive development of international law and its codification. The Non-Aligned Movement supports the ongoing efforts, under the leadership of the President of the Assembly, to strengthen the central role and authority of the Assembly, inspired by the criteria of relevance and efficiency.

The Non-Aligned Movement has called on the President of the General Assembly to institute necessary measures, within his powers and mandate, to uphold the primacy of and full respect for the Charter and the Assembly. Similarly, NAM believes that the President of the Council should do likewise. In that connection, the Non-Aligned Movement would strongly urge the President of the Assembly, the President of this Council and the President of the Economic and Social Council, consistent with General Assembly resolution 58/126, to continue to discuss among themselves, on a regular basis, the agenda and programme of work of the respective principal organs that they represent in order to establish increased coherence and complementarity among those organs in a mutually reinforcing manner, respectful of each other's mandates. In addition, such a discussion could certainly generate mutual understanding among them, in whom members of the respective organs that they represent have in good faith vested their trust and confidence as regards the need to uphold the sacrosanct provisions enshrined in the Charter relating to the functions and powers of each principal organ.

In conclusion, the Non-Aligned Movement reaffirms that close cooperation and coordination among the principal organs of the United Nations, in conformity with their respective functions and powers as set out in the Charter, are indispensable in enabling the United Nations to remain relevant and capable of meeting the myriad current, emerging and future threats and challenges in the fields of development and social advancement, peace and security, human rights and the rule of law.

The President: I now give the floor to Mr. Malloch Brown to respond to comments and questions raised.

Mr. Malloch Brown: I must say that, listening to this debate, two thoughts are uppermost in my mind. The first is the seriousness of all speakers with regard to dealing with the breakdown of systems and, in some cases perhaps, corruption. I think we all are very sober about that. Everybody recognizes that we have to solve these problems. The second very strong sense I have is the difficulty of dealing with these evolving management issues, where we have investigations under way, in a political forum such as this. I say that at several levels; first, because words matter. Unintentionally, people can imply guilt when there is still not a completed investigation. Unintentionally, people can exaggerate — or indeed understate — the extent of problems. All of this leads to great difficulty for us on the management side to act in a steady, fair and balanced way towards all involved.

The President asked, in his national capacity, whether I would confirm that I had indeed asked a senior official, who happens to be an American, to brief the press. I will confirm that I certainly did so. The reason that I asked him to do it was because there had been a leak, which was already in the press and which was doing severe damage to the reputation of the Organization and to the individuals who had been named. What I asked him to do was to explain the steps we were taking to make sure that the audit reports were followed up. We did not ask him to, and he did not, lay out the findings of this report, because those indeed should properly first go to the Member States. But, because the report had been leaked, it was very difficult for that official to keep his briefing separate from the findings in the report. But, again, I come back to the point that words matter. Journalists took observations that were made in that press conference as evidence of proven corruption. The official did not intend them that way; and he would have had no basis to claim them that way, because investigations continue.

As Chief of Staff to a Secretary-General who believes profoundly not so much in the national but in the international civil servant concept, I would like to speak up for another American official, the Assistant Secretary-General for Peacekeeping Operations. It was

suggested that perhaps she too should have been suspended. I just want to say that this is where words become so difficult, because, with great respect to the Permanent Representative of Singapore, these are two very different cases. One revolves around an investigation into actions that the individual he named took, which we very much hope will exonerate him. The Secretary-General felt that, until that investigation was completed, it was not appropriate that he continue with his functions. Against the other individual no such allegations, by any stretch of the imagination, have been made. It is an issue of where the buck stops in a system of decentralized management and accountability. In our response to the report of the Office of Internal Oversight Services (OIOS), we made it clear that we feel that management at all levels — the Secretary-General, those of us who work for him and the Under-Secretary-General for Peacekeeping Operations and his senior colleagues: all of us — have to take responsibility for a breakdown of this kind. But we think it would be very unfair to single out one senior official at the expense of others.

Again, just on the point that words matter, many participants listened carefully to what I said about the $300 million that was identified in the OIOS report. But to those who again described it as one bundle, let me again say that a big portion of it pertains to over-budgeting of resources, not a penny of which we have any reason to believe was lost to the Organization. The second part of that figure pertains to an extrapolation of sums from two missions studied: What if the same thing had happened in all missions? But those were two new missions, which have much greater vulnerability to difficulties in the area of procurement than do established missions that have systems well in place. The third large part of that figure has to do with weak compliance with procedures, which again may mean that there was something funny going on, but not necessarily, given that we believe those procedures are unduly complicated and not suitable for the field operations that they cover.

Having said all that, we acknowledge that within the $300 million there is a much smaller percentage that, on the face of it, is extremely alarming and may, at the end of investigations, lead to charges against individual colleagues. But I think that a sense of proportion is extremely important in all of this.

I would like to make two final points.

Again, we must not let politics get in the way of the difficult management task we have before us. The Secretary-General was very happy to have me come to brief the Council at the request of the President. But he warned the Council that he was extremely concerned that this might become a kind of showdown between the General Assembly and the Security Council about their respective roles. None of us want that, at a time when we all have to work together both to solve a problem of this kind and, more important, to push through critical reforms of our Organization, including establishing the Human Rights Council and dealing with management reform, which comes up next week. We cannot do it if we are divided about the different roles that the Council and our Governments must play.

Finally on the issue of management reform, let me just say — to, if you like, pre-sell what you will hear from us next week — that, as I have told the Council, there is a 50 per cent vacancy rate in field procurement staff. That is against a 30 per cent vacancy rate in field staff generally. We have to improve their conditions of service. Their families are not with them, they are on short-term contracts and they are very disadvantaged as compared with those of us who work here in New York. We have to correct that if we want a stable, motivated workforce that prevents problems of these kinds from arising.

With regard to the issue of training, guess what the training budget is for the 70 members of the procurement department here at Headquarters. It is a princely $20,000 per year. Yet we have a major issue in this area with regard to retraining and retooling, which we need to address. As was mentioned by several Permanent Representatives, unless we create an information technology (IT) platform to underpin procurement, and for that matter all of our decentralized management arrangements, we are not going to get to the bottom of these issues. New IT systems are also expensive. Do not, therefore, expect next week's management reform report to be cheap on the pocketbook. If we want a United Nations that lives up to what all of those around this table have said this week, it will cost us. But I think it will be an investment well worth making.

The President: I thank Mr. Malloch Brown for the clarifications he has provided.

There are no further speakers on my list. The Security Council has thus concluded the present stage of its consideration of the item on its agenda.

The meeting rose at 12.40 p.m.